

[DISCUSSION DRAFT]

115TH CONGRESS
2D SESSION

H. R. _____

To provide for a 5 year extension of certain exemptions and reduced disclosure requirements for companies that were emerging growth companies and would continue to be emerging growth companies but for the 5-year restriction on emerging growth companies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

M. _____ introduced the following bill; which was referred to the
Committee on _____

A BILL

To provide for a 5 year extension of certain exemptions and reduced disclosure requirements for companies that were emerging growth companies and would continue to be emerging growth companies but for the 5-year restriction on emerging growth companies, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the **["To be added Act of**
5 **2018"]**.

1 **SEC. 2. ON-RAMP EXTENSION.**

2 (a) STREAMLINED FINANCIAL DISCLOSURES.—

3 (1) SECURITIES ACT OF 1933.—Section 7(a) of
4 the Securities Act of 1933 (15 U.S.C. 77g(a)) is
5 amended—

6 (A) in paragraph (2)—

7 (i) in the heading by inserting “AND
8 CERTAIN OTHER COMPANIES” after
9 “EMERGING GROWTH COMPANIES”;

10 (ii) by inserting after “An emerging
11 growth company” the following: “and a
12 company described under paragraph (3)”;
13 and

14 (iii) in subparagraph (A)—

15 (I) by striking “such emerging
16 growth company” and inserting “such
17 company”; and

18 (II) by striking “an emerging
19 growth company” and inserting “such
20 company”; and

21 (B) by adding at the end the following:

22 “(3) TREATMENT OF CERTAIN COMPANIES.—A
23 company is described under this paragraph if—

24 “(A) the company was, but is no longer, an
25 emerging growth company;

1 “(B) the company would continue to be an
2 emerging growth company but for the applica-
3 tion of subparagraph (B) of section 2(a)(19);
4 and

5 “(C) the date on which the company
6 ceased to be an emerging growth company is
7 within the previous 5-year period.”.

8 (2) SECURITIES EXCHANGE ACT OF 1934.—Sec-
9 tion 13(a) of the Securities Exchange Act of 1934
10 (15 U.S.C. 78m(a)) is amended by adding at the
11 end the following: “The previous sentence shall
12 apply, to the same extent as such sentence applies
13 to an emerging growth company, to a company that
14 was (but is no longer) an emerging growth company
15 if such company would continue to be an emerging
16 growth company but for the application of subpara-
17 graph (B) of the first paragraph (80) of section 3(a)
18 (relating to emerging growth companies) and the
19 date on which the company ceased to be an emerg-
20 ing growth company is within the previous 5-year
21 period.”.

22 (3) OTHER DISCLOSURES.—

23 (A) IN GENERAL.—A company described
24 under subparagraph (B) may comply with sec-
25 tion 229.303(a) of title 17, Code of Federal

1 Regulations, or any successor thereto, by pro-
2 viding information required by such section
3 with respect to the financial statements of the
4 company for each period presented pursuant to
5 section 7(a) of the Securities Act of 1933 (15
6 U.S.C. 77g(a)). Such a company may comply
7 with section 229.402 of title 17, Code of Fed-
8 eral Regulations, or any successor thereto, by
9 disclosing the same information as any issuer
10 with a market value of outstanding voting and
11 nonvoting common equity held by non-affiliates
12 of less than \$75,000,000.

13 (B) TREATMENT OF CERTAIN COMPA-
14 NIES.—A company is described under this para-
15 graph if—

16 (i) the company was, but is no longer,
17 an emerging growth company (as defined
18 under section 2(a)(19) of the Securities
19 Act of 1933);

20 (ii) the company would continue to be
21 an emerging growth company but for the
22 application of subparagraph (B) of such
23 section 2(a)(19); and

1 (iii) the date on which the company
2 ceased to be an emerging growth company
3 is within the previous 5-year period.

4 (b) DRAFT REGISTRATION STATEMENTS.—Section
5 6(e) of the Securities Act of 1933 (15 U.S.C. 77f(e)) is
6 amended—

7 (1) in the heading, by inserting “AND CERTAIN
8 OTHER COMPANIES” after “EMERGING GROWTH
9 COMPANIES”;

10 (2) in paragraph (1)—

11 (A) by inserting after “Any emerging
12 growth company” the following: “or company
13 described under paragraph (3)”;

14 (B) by inserting after “was an emerging
15 growth company” the following: “or company
16 described under paragraph (3)”;

17 (C) by inserting after “ceases to be an
18 emerging growth company”, each place such
19 term appears, the following: “or company de-
20 scribed under paragraph (3), as applicable”;
21 and

22 (D) by inserting after “treated as an
23 emerging market growth company” the fol-
24 lowing: “or company described under paragraph
25 (3), as applicable”; and

1 (3) by adding at the end the following:

2 “(3) TREATMENT OF CERTAIN COMPANIES.—A
3 company is described under this paragraph if—

4 “(A) the company was, but is no longer, an
5 emerging growth company;

6 “(B) the company would continue to be an
7 emerging growth company but for the applica-
8 tion of subparagraph (B) of section 2(a)(19);
9 and

10 “(C) the date on which the company
11 ceased to be an emerging growth company is
12 within the previous 5-year period.”.

13 (c) EXECUTIVE COMPENSATION DISCLOSURES.—

14 (1) CERTAIN SHAREHOLDER DISCLOSURES.—
15 Section 14A(e)(2) of the Securities Exchange Act of
16 1934 (15 U.S.C. 78n-1(e)) is amended—

17 (A) in the heading by inserting “AND CER-
18 TAIN OTHER COMPANIES” after “EMERGING
19 GROWTH COMPANIES”;

20 (B) in subparagraph (A), by striking “An
21 emerging growth company” and inserting the
22 following “Any emerging growth company or
23 company described under subparagraph (C)”;
24 and

25 (C) in subparagraph (B)—

1 (i) in the heading, by striking “TER-
2 MINATION OF EMERGING GROWTH COM-
3 PANY TREATMENT” and inserting “EXEMP-
4 TION”;

5 (ii) by striking “an emerging growth
6 company but is no longer an emerging
7 growth company” and inserting “was ex-
8 empt under subparagraph (A) but is no
9 longer exempt”;

10 (iii) in clause (ii), by inserting before
11 the period the following: “or a company
12 described under subparagraph (C)”

13 (D) by adding at the end the following:

14 “(C) TREATMENT OF CERTAIN COMPA-
15 NIES.—A company is described under this para-
16 graph if—

17 “(i) the company was, but is no
18 longer, an emerging growth company;

19 “(ii) the company would continue to
20 be an emerging growth company but for
21 the application of subparagraph (B) of the
22 first paragraph (80) of section 3(a) (relat-
23 ing to emerging growth companies); and

1 “(iii) the date on which the company
2 ceased to be an emerging growth company
3 is within the previous 5-year period.”.

4 (2) PAY RATIO DISCLOSURES.—Section 953(b)
5 of the Investor Protection and Securities Reform Act
6 of 2010 (15 U.S.C. 78l note) is amended—

7 (A) in paragraph (1), by inserting “a com-
8 pany described under paragraph (3) or” before
9 “an emerging growth company”; and

10 (B) by adding at the end the following:

11 “(3) TREATMENT OF CERTAIN COMPANIES.—A
12 company is described under this paragraph if—

13 “(A) the company was, but is no longer, an
14 emerging growth company (as defined under
15 section 2(a)(19) of the Securities Act of 1933);

16 “(B) the company would continue to be an
17 emerging growth company but for the applica-
18 tion of subparagraph (B) of such section
19 2(a)(19); and

20 “(C) the date on which the company
21 ceased to be an emerging growth company is
22 within the previous 5-year period.”.

23 (3) PAY VS. PERFORMANCE DISCLOSURES.—
24 Section 14(i) of the Securities Exchange Act of 1934
25 (15 U.S.C. 78n(i)) is amended—

1 (A) by striking “The Commission” and in-
2 serting the following

3 “(1) IN GENERAL.—The Commission”;

4 (B) by inserting “a company described
5 under paragraph (2) or” before “an emerging
6 growth company”; and

7 (C) by adding at the end the following:

8 “(2) TREATMENT OF CERTAIN COMPANIES.—A
9 company is described under this paragraph if—

10 “(A) the company was, but is no longer, an
11 emerging growth company;

12 “(B) the company would continue to be an
13 emerging growth company but for the applica-
14 tion of subparagraph (B) of the first paragraph
15 (80) of section 3(a) (relating to emerging
16 growth companies); and

17 “(C) the date on which the company
18 ceased to be an emerging growth company is
19 within the previous 5-year period.”.

20 (4) SIMPLIFIED EXECUTIVE COMPENSATION
21 DISCLOSURES.—

22 (A) IN GENERAL.—The Securities and Ex-
23 change Commission shall amend section
24 229.402(l) of title 17, Code of Federal Regula-
25 tions, to permit a company described under

1 subparagraph (B) to make use of the same
2 scaled disclosures for executive compensation
3 that are available pursuant to such section for
4 smaller reporting companies and emerging
5 growth companies.

6 (B) TREATMENT OF CERTAIN COMPA-
7 NIES.—A company is described under this para-
8 graph if—

9 (i) the company was, but is no longer,
10 an emerging growth company (as defined
11 under section 2(a)(19) of the Securities
12 Act of 1933);

13 (ii) the company would continue to be
14 an emerging growth company but for the
15 application of subparagraph (B) of such
16 section 2(a)(19); and

17 (iii) the date on which the company
18 ceased to be an emerging growth company
19 is within the previous 5-year period.